WASHINGTON STAR
Approved For Release 1999/09/07 : CIA-RDP7
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Hunt Foundation Challenged In House on Tax Exemptions

By LEE M. COHN
Star Staff Writer

House investigators today challenged the tax exemption privileges of a foundation run by H. L. Hunt, the controversial Texas oil millionaire.

Bertrand M. Harding, acting commissioner of the Internal Revenue Service, was scheduled to testify on Mr. Hunt's Life Line Foundation at a hearing before a House Small Business subcommittee probing foundations.

Subcommittee Chairman Patman, Democrat of Texas, was set to ask why IRS has taken no final action to revoke the foundation's tax exemption.

Revocation was recommended by the district director in Baltimore in 1962, and again in 1963, on grounds that the foundation's activities are political rather than educational.

Mr. Hunt is a noted advocate of conservative causes.

Drop New York Probe

The subcommittee turned to Mr. Hunt's activities after dropping an inquiry into the Central Intelligence Agency relations with the J. M. Kaplan Fund of New York, another ta-exempt foundation.

Mr. Patman disclosed at a public hearing yesterday that the intelligence agency has secretly used the Kaplan Fund as a "conduit for channeling CIA funds."

Mr. Harding and his assistant, Mitchell Rogovin, confirmed the story, which Mr. Rogovin had given to Mr. Patman privately during an August 10 hearing on the Kaplan Fund.

The Kaplan Fund is under investigation by IRS and by the Patman panel because of allegations that it has abused its tax-exempt status to engage in stock speculation and other business activities.

Mr. Patman complained that the CIA had "trifled with" him by failing to provide requested information on its relations with the Kaplan Fund.

At Mr. Rogovin's suggestion, Mr. Patman called a closed meeting on the matter late yesterday afternoon.

He and Representative Roosevelt, Democrat of California, met with the IRS officials and General Marshall Carter, acting director of CIA.

After the one-and-a-half-hour meeting, Mr. Patman and Mr. Roosevelt told reporters the subcommittee was abandoning its inquiry into the CIA's relations with the Kaplan Fund.

They said they were convinced "no matter of interest to the subcommittee relating to the CIA existed."

Investigation of the Kaplan Fund itself will be pursued by the subcommittee and IRS, Mr. Patman emphasized.

Comparing his investigation to a fox hunt, he said the subcommittee would "stay on the trail" of the Kaplan Fund and will not be diverted by the side issue of the CIA.

He said it became clear during the private discussion that "the CIA does not belong in this inquiry," and that the CIA angle will not impede the investigation.

Mr. Patman did not, however, retract his statement at the public hearing that the CIA had used the Kaplan Fund to channel money secretly.

No information was developed publicly about the amounts involved or the purposes of the disbursements. Mr. Patman wondered aloud why the CIA had chosen a foundation in trouble with IRS as a conduit for funds.

Said it Began in '59

He said a CIA representative named George Cary had told the subcommittee staff after the August 10 hearing that the arrangement began in 1959 and ended sometime this year.

IRS district directors had recommended retroactive revocation of the Kaplan Fund's tax exemption in 1957, and again in 1958, but another district director recommended in 1960 that the fund retain its tax exemption.

Mr. Rogovin said he was IRS liaison man with the CIA, and hinted that the Kaplan Fund was only one of several cases involving IRS and the intelligence agency.

He emphasized that the CIA did not consult IRS in advance about its involvement with the Kaplan Fund. He said a CIA representative named Milan Miskovsky first told him about the setup late in 1961, when the intelligence agency expressed concern about IRS audits of the foundation.

The New York District Office, which has conducted the investigation of the Kaplan Fund, never was informed of the CIA's role, Mr. Rogovin said.

He added that the IRS decision on the tax exemption will not be affected by the CIA's interest, beyond the possibility of delay caused by the sensitivity of the case.

Approved For Release 1999/09/07 : CIA-RDP75-00001R000200340011-7